



THE CITY OF SAN DIEGO

CITY OF SAN DIEGO

**COLLEGE HEIGHTS
MAINTENANCE ASSESSMENT DISTRICT
ANNUAL UPDATE ENGINEER'S REPORT**

JUNE 2011

PURSUANT TO THE
LANDSCAPING AND LIGHTING ACT OF 1972, CALIFORNIA STREETS & HIGHWAYS
CODE

KOPPEL & GRUBER
PUBLIC FINANCE

334 VIA VERA CRUZ, SUITE 256
SAN MARCOS
CALIFORNIA 92078

T. 760.510.0290
F. 760.510.0288

City of San Diego

Mayor

Jerry Sanders

City Council Members

Sherri Lightner
District 1

Carl DeMaio
District 5

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District 2 (Council President Pro Tem)

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Jan Goldsmith

Chief Operation Officer

Jay M. Goldstone

City Clerk

Elizabeth Maland

Independent Budget Analyst

Andrea Tevlin

City Engineer

Afshin Oskoui

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SECTION I. EXECUTIVE SUMMARY

Project: College Heights Maintenance Assessment District (“District”)

Apportionment Method: Linear Front Foot (“LFF”)
Lot Square Footage (“LSF”)
Building Square Footage (“BSF”)

Table 1 – Summary Information Zone 1

	FY 2011	FY 2012 (1)	Maximum Authorized
Total Parcels Assessed:	122	122	
Total Estimated Assessment:	\$150,956	\$150,956	
Total Number of Units:			
LSF	2,646,627	2,646,627	
LFF	11,449	11,449	
BSF (2)	945,802	945,802	
Unit Assessment Rate			
\$/LSF	\$0.03024300	\$0.03024300	\$0.03505238
\$/LFF	\$3.66841708	\$3.66841708	\$4.25178667
\$/BSF	\$0.03057136	\$0.03057136	\$0.03543296
Estimated Revenue			
\$/LSF	\$80,041.94	\$80,041.94	
\$/LFF	\$41,999.71	\$41,999.71	
\$/BSF	\$28,914.45	\$28,914.45	

1. FY 2012 is the City’s Fiscal Year 2012, which begins July 1, 2011 and ends June 30, 2012. Total Parcels Assessed, Total Estimated Assessment, and Total Estimated Factors may vary from prior year due to parcel changes.
2. Building Square Footage total for land use classes A, B, C and D only. See Section V Method of Apportionment for more information regarding the land use classes.

Table 2 – Summary Information Zone 2

	FY 2011	FY 2012 (1)	Maximum Authorized
Total Parcels Assessed:	221	221	
Total Estimated Assessment:	\$129,011	\$129,011	
Total Number of Units:			
LSF	2,442,984	2,442,984	
LFF	16,200	16,200	
BSF (2)	910,216	910,216	
Unit Assessment Rate			
\$/LSF	\$0.02760303	\$0.02760303	\$0.03199260
\$/LFF	\$2.08334634	\$2.08334634	\$2.41465024
\$/BSF	\$0.03057136	\$0.03057136	\$0.03543296
Estimated Revenue			
\$/LSF	\$67,433.76	\$67,433.76	
\$/LFF	\$33,750.21	\$33,750.21	
\$/BSF	\$27,826.54	\$27,826.54	

1. FY 2012 is the City's Fiscal Year 2012, which begins July 1, 2011 and ends June 30, 2012. Total Parcels Assessed, Total Estimated Assessment, and Total Estimated Factors may vary from prior year due to parcel changes.
2. Building square footage total for land use classes A, B, C and D only. See Section V Method of Apportionment for more information regarding the land use classes.

District History: The District was formed in 2004 in compliance with Proposition 218. A property owner ballot proceeding was conducted and a weighted majority (73.64%) of property owners, based on assessment amount, approved the assessments and the annual cost indexing provisions.

Annual Cost Indexing: The assessments are authorized to increase by the annual change in the San Diego Area Consumer Price Index (the SDCPI-U) of the previous year's rate beginning in Fiscal Year 2006.

Bonds: No bonds will be issued in connection with this District.

SECTION II. BACKGROUND

A. Introduction

The College Heights Maintenance Assessment District was established by Resolution R-299142 of the City Council on April 27, 2004. The District was formed in compliance with the provision of Proposition 218. An assessment ballot proceeding was conducted and a weighted majority of property owners, based on assessment amount, were in support of the continuation of the assessments and services and improvements the assessments fund.

This report constitutes the Engineer's Report for the City of San Diego ("City") College Heights Maintenance Assessment District for Fiscal Year ("FY") 2012. The City Council pursuant to the provisions of the San Diego Maintenance Assessment District Procedural Ordinance of 1986 (the "Ordinance"), Landscaping and Lighting Act of 1972, Being Division 15, Part 2 of the Streets and Highways Code of the State of California, beginning with Section 22500 (the "1972 Act"), Article XIID of the Constitution of the State of California ("Article XIID"), the Proposition 218 Omnibus Implementation Act (Government Code Section 53750 and following) (the "Implementation Act"), and (the Ordinance, 1972 Act, Article XIID and the Implementation Act are referred to collectively as the "Assessment Law") desires to levy and collect annual assessments against lots and parcels within the District in the fiscal year commencing July 1, 2011 and ending June 30, 2012 to pay for the operation, maintenance and servicing of landscaping, lighting, drainage, safety programs, special projects and all appurtenant facilities. The assessment rates set for 2011/2012 as set forth in this Engineer's Report do not exceed the maximum rates established at the time the District was formed, therefore, the City and the District are not required to go through a property owner ballot protest procedure in order to establish the 2011/2012 assessment rates.

Each lot or parcel within the District is assessed proportionately for only the improvements and services that are determined to be special benefit. For this report, each lot or parcel to be assessed, refers to an individual property assigned its own Assessor Parcel Number by the San Diego County ("County") Assessor's Office as shown on the last equalized roll of the assessor.

A Public Hearing will be scheduled where public testimony will be heard by the City Council. Following the conclusion of the Public Hearing, the City Council will confirm the Engineer's Report as submitted or amended and may order the collection of assessments for FY 2012.

SECTION III. PLANS AND SPECIFICATION

A. General Description of the District

The territory within the District consists of all lots, parcels and subdivisions of land as shown on the Boundary Diagram titled “Map of Proposed Boundaries of the City of San Diego College Heights Maintenance Assessment District” contained within this report in Section VI.

The District generally includes the parcels located within the Crossroads Redevelopment Project generally along El Cajon Boulevard between 54th Street on the west and Keeney Street on the east. Two Zones were created based on the level of special benefit received by the properties. Zone 1 is located in the center of the District and includes parcels between 59th Street and Rolando Boulevard. Zone 2 is located on either side of Zone 1, the western portion of Zone 2 is located between 54th Street and 59th Street, the eastern portion of Zone 2 is located between Rolando Boulevard and Keeney Street.

B. Description of Improvements to be Maintained and Services

The District, through the levy of special assessments, provides funding for ongoing maintenance, operation and servicing of landscaping, lighting, and other improvements or appurtenant facilities located within the public rights-of-ways and dedicated easements located within the District. Maintenance services will be provided by City personnel and/or private contractors. The improvements maintained and services provided by the District are generally described as follows:

- Maintaining areas adjacent to the street rights-of-way, which are landscaped with groundcover, trees and shrubs;
- Graffiti removal;
- Safety programs and homeless intervention;
- Parking and transportation services in the District;
- Beautification, tree planting and community identification signs;
- Regular sidewalk and street gutter sweeping;
- Removal of bulky discarded and abandoned items;
- Increased frequency of trash pick-up;
- Operation of enhanced street lighting;
- Special projects including;
 - Transportation/shuttle to Trolley stop
 - Economic development and planning
 - Lighting energy costs (once installed)
 - Minor capital improvements and acquisition of equipment
 - Signage
- Administration/Corporate Operations/Outreach including;
 - District management

- Overseeing of contract
- Relations with City and Council office
- Relations with property owners
- Relations with Redevelopment Agency, Community Planning Groups and College Area Business Improvement District (BID)
- Insurance
- Legal and accounting
- Office related expenses

Table 3 - Service Frequency by Benefit Zone

Service	Zone 1 Frequency	Zone 2 Frequency
Sidewalk sweeping	5-7 days per week	4-5 days per week
Removal of bulky items	Within 24 hours	Within 24 hours
Graffiti removal	Within 24 hours	Within 24 hours
Tree watering and maintenance	Weekly	Weekly
Landscape median maintenance	Weekly	Weekly
Banner installation (with BID program)	Seasonally	Seasonally
Sidewalk steam cleaning	Quarterly	Twice per year
Trash can emptying	Daily/when needed	Daily/when needed
Plant and shrub maintenance	Weekly	Weekly
Reporting hazards to City	Within 24 hours	Within 24 hours
Holiday decorations	Seasonally	Not applicable
Special projects	As determined, costs expended equally between each Zone	As determined, costs expended equally between each Zone
Administration/Corporate Operations	Monday – Friday	Monday – Friday

Maintenance and servicing of improvements, include but are not limited to landscaping, sprinkler systems, shrubbery, trees, irrigation and drainage systems, street lighting, and other appurtenant items located in right of ways and any incidental costs thereto, and located within the boundaries the District or adjacent to the District.

Plans and specifications for these improvements to be maintained by the District are on file with the City Engineer's office and by reference are made part of this Report.

C. Description of Maintenance and Services

Maintenance means the furnishing of services and materials for the ordinary and usual maintenance, operation and servicing of improvements, services and appurtenant facilities, including repair, removal or replacement of all or part of any of the improvements, services or appurtenant facilities; providing for the life, growth, health and beauty of the Landscaping Improvements including cultivation, drainage, irrigation, trimming, mowing, spraying, fertilizing and treating for disease or injury; the removal of trimmings, rubbish, debris and other solid waste; and the cleaning and sweeping of the sidewalk and gutter, collection and disposal of fallen branches and trees, tree and bush trimming, placement of street furniture, banner installation, security services including homeless patrolling and reporting of security and safety problems to governmental agencies and the cleaning, sandblasting, painting of walls, and other improvements to remove or cover graffiti.

Servicing means the furnishing of water and electricity for the irrigation of the Improvements or appurtenant facilities including any decorative lighting and the furnishing of electric current or energy, gas or other illuminating agent for the lighting improvements. Servicing also allows for the replacement of the facilities in order to maintain them in proper working order and to provide specific benefit to the District; or providing security and homeless patrols and other activities related to maintaining security.

SECTION IV. ESTIMATE OF COSTS

A. Estimate of Costs Table

Below are the estimated costs of maintenance and services for the District including incidental costs and expenses, revenue and reserves.

Table 4 – Estimate of Costs

	FY 2010	FY 2011	FY 2012
COLLEGE HEIGHTS MAD	BUDGET	BUDGET	PROPOSED
BEGINNING BALANCE	\$165,000	\$146,473	\$102,410
Revenue			
Assessments	\$286,464	\$286,464	\$279,967
Gas Tax Fund	\$8,654	\$8,654	\$8,654
TOTAL OPERATING REVENUE	\$295,118	\$295,118	\$288,621
TOTAL REVENUE AND BALANCE	\$460,118	\$441,591	\$391,031
Expense			
Personnel	\$0	\$0	\$0
Contractual	\$324,316	\$336,097	\$283,380
Incidentals / Administration ¹	\$107,156	\$71,648	\$73,054
Utilities	\$0	\$5,200	\$6,600
Contingency Reserve ²	\$28,646	\$28,646	\$27,997
TOTAL EXPENSE	\$460,118	\$441,591	\$391,031
BALANCE	\$0	\$0	\$0

Notes:

1. Includes City Administration Fee of 4%.
2. The contingency builds a reserve for the District for funding emergency needs and provides a source of funds to operate from July through December while waiting for County property tax distributions that typically occur in January and May.

Incidentals and Administration

Below are the estimated costs of administering the District for FY 2012. These costs also include incidental costs such as the City administration cost associated with assessment enrollment, collections, parcel updates, and budget monitoring.

Itemized Expense	Estimated Annual Cost
• Administrative Personnel	\$41,995
• Insurance (Gen Liability & D&O)	\$5,000
• Rent	\$3,240
• Office Supplies	\$3,000
• Printing/Copying/Postage	\$2,800
• Phone/Fax	\$4,620
• Audit/Accounting/Legal	\$1,200
• City Administration Fee (4%)	\$11,199

SECTION V. METHOD OF APPORTIONMENT

A. General

The Implementation Act permits the establishment of assessment districts by agencies for the purpose of providing certain public improvements, which include the construction, maintenance, and servicing of street lights, traffic signals, landscaping and drainage facilities.

Streets and Highways Code Section 22573 requires that maintenance assessments be levied according to benefit rather than the assessed value.

“The net amount to be assessed upon lands within an assessment district may be apportioned by any formula or method which fairly distributes the net amount among all assessable lots or parcels in proportion to the estimated benefits to be received by each such lot or parcel from the improvements.”

In addition, Article XIID and the Implementation Act require that a parcel’s assessment may not exceed the reasonable cost for the proportional special benefit conferred to that parcel. Article XIID and the Implementation Act further provides that only special benefits are assessable and the City must separate the general benefits from the special benefits. They also require that publicly owned properties which specifically benefit from the improvements be assessed.

B. Special Benefit Analysis

Each of the proposed improvements and the associated costs and assessments within the District has been reviewed, identified and allocated based on special benefit pursuant to the provisions of the Assessment Law.

Proper maintenance and operation of landscaping, street trees and streetlights provides special benefit to adjacent properties by providing community character, security, safety and vitality. In addition, the Improvements will enhance the ability of property owners to attract and maintain customers as well as increase the viability of commercial development.

Special Benefit

Parcels within the District receive a special benefit resulting from the maintenance and services and improvement provided with the assessments. Specifically the special benefits are summarized as follows:

- Improved cleanliness and maintenance of sidewalks used to access property in the District.

- Enhanced cleanliness and desirability of the area, including removal of litter and debris from sidewalks and other public facilities for the direct advantage of property in the District.
- Protection and improvement of views, scenery and other permanent public facility resources values for property in the District and preservation of public assets maintained by the District.
- Enhanced safety of property in the District and reduced liability risk.
- Improved illumination of property in the District.
- Improved access to property in the District due to cleaner and safer sidewalks and improved lighting.
- Improved nighttime visibility for the local access of emergency vehicles.
- Improved safety and traffic circulation to and from parcels.
- Increased deterrence of crime and aid to police and emergency vehicles.

General Benefit

The proceeds from the assessment will be used to fund enhanced improvements, services and activities within the District that, in absence of the assessment, otherwise would not be provided at an enhanced level or frequency of service. The District will continue to receive the same level of general services provided to the public at large under City-funded and administered programs, as determined annually, for maintenance of public facilities and improvements (e.g., street trees, sidewalks, street lights, etc.), including street sweeping and graffiti removal on public property.

The City provides the District with services, resources and contributions including, but not limited to street sweeping, landscape/tree maintenance (from the Gas Tax Fund, roadway and stormdrain improvement and maintenance, regular trash removal, graffiti removal, park maintenance and improvement, basic street lighting, traffic controls and public signage, street median, public safety (through the Police Department) and other public services and improvements. These City services are considered to be basic in nature, and subject to the City's budget and can be provided at a reduced level. The services provided by the District are enhanced over and above this basic service level. The general benefit from the services are determined to be minimal and are more than offset by the contributions the City provide to property in the District.

C. Assessment Methodology

To establish the special benefit to the individual lots and parcels within the District a formula that spreads the costs of the maintenance based on the special benefit must be established. The Improvements have been reviewed and a formula has been established to apportion the maintenance costs based on benefit.

Due to the nature of the services and improvements, two Zones have been established. The assessments are weighted by Zone based on the benefit each Zone receives. In addition to the Zones, three factors, as further described below, are used to calculate each parcel's assessment.

Lot Square Footage

The Lot Square Footage (LSF) is a measure of a parcel's proportionate area of ownership or stakeholder interest relative to the total area of the District, which is receiving enhanced and increased maintenance, beautification, and other property related services provided by the District. This factor has been weighted to provide a "target component" of 50% of respective Public Rights of Way and Sidewalk Operations (PROWSO) Personnel costs in Zone 1 and 2, 100% of District-wide PROWSO non-personnel costs, 50% of District-wide special project costs, and 100% of District-wide contingency costs. This factor has been weighted to provide a "target component" of approximately fifty percent (50%) of the total assessment.

Linear Front Footage Factor

The Linear Front Footage Factor (LFF) is a measure of a parcel's proportionate share of the LFF of the total LFF length of the public right-of-way for which the District is providing enhanced and increased maintenance, beautification, and other property related services provided by the District. The LFF for each parcel has been limited to the total front footage of a parcel along the street for which the address of the parcel has been assigned. This factor has been weighted to provide a "target component" of 50% of respective PROWSO personnel costs in Zone 1 and 2.

Building Square Footage

The Building Square Footage (BSF) is a measure of a parcel's proportionate contribution to the intensity of use of the public right-of-way. The land use classification for each parcel within the District has been identified and distinguished as follows:

Table 5 – Classification of Parcels

Class	Description
A	Commercial/Retail
B	Office
C	Industrial/Manufacturing/Wholesale
D	Public Institutional (schools, library, fire station, etc)
E	Religious Institutional (building square footage exempted in this classification for owner-occupied churches, halls, administration – assessed for LFF and LSF only)
F	Multi-unit Residential (building square footage exempted in this classification – assessed for LFF and LSF only)
G	Single Family Residential (building square footage exempted in this classification – assessed for LFF and LSF only)

This factor has been weighted to provide a "target component" of 50% of District-wide special project costs and 100% of District-wide administration costs.

The following table summarizes the “target component” for each Zone and service.

Table 6 – Target Components

Service	Targeted Apportionment of Costs to each Zone
PROWSO Personnel for Zone 1	50% of cost to Zone 1 linear frontage 50% of cost to Zone 1 lot size
PROWSO Personnel for Zone 2	50% of cost to Zone 2 linear frontage 50% of cost to Zone 2 lot size
PROWSO non-personnel costs (truck, gas, insurance, materials, equipment, misc.)	100% of cost to Zone 1 & 2 lot size
Special projects including transportation, energy for street lights, signage, etc.	50% of cost to Zone 1 & 2 lot size 50% of cost to Zone 1 & 2 building size (class A-D only)
Administration/Corporate Operations/Outreach	100% of cost to Zone 1 & 2 building size (class A – D only)
Contingency	100% of cost to Zone 1 & 2 lot size

SAMPLE CALCULATIONS

As described above, assessments have been calculated for each parcel based the LFF of the property along the improvement/service corridor, the LSF and the BSF for land use classifications A through D.

LFF = Linear Front Footage
BSF = Building Square Footage
LSF = Lot Square Footage

Shown below are calculations for various sample parcels.

- **Commercial Property with 50-foot frontage, 2,400 square feet of building on .10 acres**
LFF = 50.00 LFF
BSF= 2,400 BSF
LSF= 4,356 LSF
- **Residential Property with 75-foot frontage, 1,400 square foot house on .10 acres**
LFF = 75.00 LFF
BSF= 1,400 BSF (Not assessed based on method of apportionment)
LSF= 4,356 LSF
- **57-unit Condominium Property with 26-foot frontage, 64,000 square feet of building on 1.85 Acres**
LFF (per condo unit) = 26.00 LFF / 57 units = 0.456 LFF
BSF= 64,000 BSF/57=1,123 BSF per unit (Not assessed based on method of apportionment)
LSF= 80,586 LSF/57=1,414 LSF per unit

The total assessment for each parcel in the District is based on the calculated LFF, BSF and LSF for the parcel and the applicable unit assessment rate, as shown in the following equation:

Total Assessment = Total LFF x LFF Assessment Rate +Total LSF x LSF Assessment Rate +Total BSF (Class A – D only) x BSF Assessment Rate

D. Assessment Range Formula

The purpose of establishing an Assessment Range Formula is to provide for reasonable increases and inflationary adjustment to annual assessments without requiring the District to go through the requirements of Proposition 218 in order to get a small increase. This Assessment Range Formula was approved by the property owners at the time the District

was formed. If the budget and assessments calculated requires an increase greater than the adjusted Maximum Assessment, then the assessment is considered an increased assessment and would be subject to Proposition 218 balloting.

The maximum authorized assessment established in the Fiscal Year 2012 proceedings are authorized to be indexed (increased or decreased) annually by the factor published in the SDCPI-U. The annual change in second half SDCPI-U values, as compiled by the U.S. Bureau of Labor Statistics (see www.bls.gov), for the prior year period was from 243.655 to 246.686 (a 1.24% increase). In accordance with the approved cost-indexing provisions, the maximum authorized assessment rates contained within this Assessment Engineer's Report have been increased by 1.24%.

The Maximum Assessment is adjusted annually and is calculated independent of the District's annual budget and proposed annual assessment. Any proposed annual assessment is not considered an increased assessment, even if the proposed assessment is greater than the assessment applied in the prior fiscal year.

SECTION VI. ASSESSMENT DIAGRAM

The parcels within the College Heights Maintenance Assessment District consist of all lots, parcels depicted within the boundaries of the District. The District diagram reflecting the exterior boundaries of the District as well as the Benefit Zones is on file with the City Clerk.

SECTION VII. ASSESSMENT ROLL

The assessment roll is a listing of the Fiscal Year 2012 Assessment apportioned to each lot or parcel, as shown on the San Diego County last equalized roll of the assessor and reflective of the Assessor's Parcel Map(s) associated with the equalized roll. A listing of parcels proposed to be assessed within this District is shown on the following table.

CITY OF SAN DIEGO

College Heights Maintenance Assessment District

Engineer's Report Fiscal Year 2012

This report has been prepared and submitted by:

C. Stephen Bucknam Jr. C 20903

Koppel & Gruber Public Finance

I, _____, as City Clerk of the City of San Diego, County of San Diego, California, do hereby certify that the Assessment as shown on the Assessment Roll, together with the Assessment Diagram, both of which are incorporated into this report, were filed in my office on the _____ day of _____, 2011.

Elizabeth Maland, City Clerk
City of San Diego
State of California

I, _____, as City Clerk of the City of San Diego, County of San Diego, California, do hereby certify that the foregoing Assessment as shown together with the Assessment Diagram incorporated into this report, was approved and confirmed by the City Council of said City on the _____ day of _____, 2011.

Elizabeth Maland, City Clerk
City of San Diego
State of California

I, _____, as City Engineer of the City of San Diego, County of San Diego, California, do hereby certify that the foregoing Assessment as shown together with the Assessment Diagram incorporated into this report, was recorded in my office on the _____ day of _____, 2011.

Afshin Oskoui, City Engineer
City of San Diego
State of California